

# Management business organisation notes essay

[Business](#), [Accounting](#)



Management and business organization NOTES: Chapter 3 Introduction: 1.

What is an organization: ? ? ? Consists of two or more people that have consciously arranged to create a basis from which to function on a regular basis to achieve a common goal. Despite differences the four common factors that organisations share are: people, objectives, structure and management. Watson refers to 3 aspects of organisational life: o Importance of creative, critical and situation defining characteristics of the individuals within the organization.

o Varieties of interests and goals among individuals and groups with emphasis on conflict and political behavior o Interaction between organization and general environment, and recognition of affects on the environment. 2. Types of organizations: ? Formal organization: o Planned co-ordination of activities for the achievement of a common, explicit purpose or goal, through division of labour and function, hierarchy of authority and responsibility. o Is deliberately planned and created, o Deals with the co-ordination of activities, o Hierarchically structured with stated objectives, o Based on specification of tasks, defined relationships of authority and responsibility, o A coalition of individuals with a number of sub coalitions ? Informal Organisation: o Arises from Interactions between people in the organization, o Social and psychological needs of the people in the organization o Development of groups with their own relationships and norms of behavior, o Is flexible and loosely structured o Relationships may not be defined o Membership is spontaneous, o Different groups and norms of behavior outside the formal structure may give rise to conflicts about the aims of the formal organization.

? Functions of informal organisations: o Provides personal identity and satisfaction of social needs for members o Provides additional channels of communication, o Provides motivation o Provides stability and security o Provides a means of highlighting deficiencies or weaknesses in the formal organization. Organisational Conflict: o Conflict is behavior intended to obstruct the achievement of goals by another o Based on incompatibility of goals o Management establishes acceptable and non-acceptable behavior ?

3. Components of an organization: a. An organisation comprises mainly of two components: i. Operating component: People involved in producing the product or service. ii.

Administrative component: Managers and analysts that supervise and coordinate. b. Work organisation can be analysed in terms of 5 components: i.

Operational core is concerned with direct performance of technical or productive operations and carrying out actual task activities. Example: Workers in assembly line. ii. Operational support provides indirect support of technical or productive process, closely related to flow of operational work, iii. Organisational support concerned with provision of services for the whole organisation and is usually outside the actual flow of operational work. iv. Top Management concerns broad objectives and policy, strategic decisions, the work of the organisation as a whole and interactions with the external environment. v.

Middle Management concerns co-ordination and integration of activities, providing links with operational/organisational support staff and between the

operational core and the top management. . Classification of Organisations

a. Economic organisations: Business firms, b.

Public service organisations: governments, local authorities, hospitals, c.

Social Enterprise organisations: organisations that deal with social and environmental concerns, d. Protective organisations: military, trade unions,

police e. Social or associative organisations: clubs/societies f. Religious

organisations: churches g. Political organisations: political parties h.

Educational organisations: such as universities i. Voluntary organisations and

charities: citizens advice bureau. 5. The Open systems model a. Is where

input (people finance, raw materials, information from environment) – >

transforms (conversion process ) into output (goods produced, services

provided, completed processes or procedures) b. Can be applied to all

organisations, provides common point of reference, enables analysis of organisations to derive general principles and prescriptions.

c. Emphasises importance of multiple channels of interaction 6. PESTEL

Analysis a. Organisational performance & effectiveness depends upon the

organisations ability to manage opportunities, challenges and risks

presented by changes in the external environment. b. Political future

(taxation, employment law, relations between organisation and government)

c. Economic future ( inflation, interest rates, total gdp) d. Socio-cultural

future ( shifts in values and culture, lifestyle changes, green environmental issues) e.

Technological future (government and EU investment policies, new patents and products, speed of change and adoption of new technology) f.

Environmental future (green issues that affect the environment, rubbish

waste and disposal) g. Legal future (competition law and government policy,

employment and safety law product safety issues) 7. Organisational sub-

systems a. Each conversion process of an open system contains an open

system called a sub system b. Sub-systems interact c. Management oversees

co-ordination of sub systems and ensures their relevance to objectives d.

Socio-technical approach i.

There are five main interrelated sub-systems as a basis for analysis: 1. Task

– the goals and objectives of the organisation ( nature of inputs, outputs, and

work activities related to transformation) 2. Technology – manner in which

tasks are carried out and nature of work performance (materials, systems

and procedures, equipment used during conversion) 3.

Structure – patterns of organisation, lines of authority , formal relationships

channels of communication among members ( division of work and

coordination of tasks) 4. People – natures of members undertaking activities

(their attitudes , skills, needs and expectations etc. 5. Management – Co-

ordination of tasks, technology, structure and people, policies and

procedures for work execution (corporate strategy, direction of activities of

organisation) e. Contingency approach is the view that there is no one best

universal form of organisation: i. States that large numbers of variables, or

situational factors that influence organisational performance ii. Can be seen

as if-then form of relationship (if certain situational factors exist then certain

organisational variables are most appropriate) iii. Managers utilize these models to compare with their own structure and functioning.

CHAPTER 18 CORPORATE RESPONSIBILITY AND ETHICS 1. Organisational values and beliefs: ? Brech wrote about ideology of an organisation related to: o Ethical foundation: consists of basic principles which govern external ( standards of fair trading and relations with customers, suppliers ) and internal organisational relations (employment standards, relations with members of the organisation. o Organisational or operational foundation: structure, operation, conduct of activities. External aspects include methods of trading, channels of distribution and internal aspects include methods of production, use of equipment and managerial practices. 2. Mission statements: ? ? ? ? ? Sets out purpose and general direction of organisation. Vision provides an overall frame of reference within which mission statements are written and goals are selected. May vary in length and extent of specific general content according to organisation type.

Value of the mission statement depends upon the extent to which it is understood and accepted. Value also depends upon the alignment of mission and values with behavior. 3. Profit Objective Drucker has mentioned that the search for one, right objective is not only unlikely to be productive but certain to harm and misdirect the organisation. He suggests eight key areas where objectives should be set in terms of performance and results: ? ? ? ? ? ? ? ? Market standing: share of market standing, range of products and markets, distribution, pricing, customer loyalty. Innovation: innovations to reach marketing goals, developments arising from

technological advancements; new processes and improvements.

Productivity: optimum use of resources, use of techniques for alternative courses of action, ratio between contributed value and total value.

Physical/Financial resources: physical facilities, supply of capital and budgeting, provision of supplies, planning for money needed.

Profitability: profitability forecasts and anticipated time scales, capital investment policies, yardsticks for profitability measurements. Manager performance and development: direction of managers, structure of management, development of future managers. Worker performance and attitude: union relations, the organisation of work, employee relations.

Public responsibility: demands made upon organisation, by law or public opinion, responsibilities to society and the public interest. 4.

Social Responsibility: Broader responsibilities that are connected to the interactions between an organisation and its environment both internally and externally are referred to as corporate social responsibilities. Stake holders that are interested in the organisation s can be considered under six headings: ? ? ? Employees: responsibilities to employees include quality of working life, justice in treatment, democratic functioning, training in new skills and technologies, effective hrn policies. Providers of finance responsibilities include safeguarding of investments, oppurtunities for shareholders to exercise ownership responsibility, participate in policy decisions. Customers : responsibilities include: providing good value for money, safety and durability of product/service, standard of after salaes service, attention to queries and complaints, long term satisfaction, fair

standards of trading and advertising, full and unambiguous information to potential customers. Communities: effects and dangers of pollution, siting and appearance of new buildings, transportation policies, avoidance of excessive packaging Government: Respect and obey the law, avoid trading with certain overseas countries, acceptance of import/export control, combating inflation, controlling potential social problems.

Other organisations or groups: suppliers, trade unions, business associates and competitors. Responsibilities include fair standards on trading, honouring terms and conditions, settlement of disputes, assistance to smaller organisations, engagement only in fair competition, respect for copyrights and patents.

## CHAPTER 14 ORGANISATION STRATEGY AND STRUCTURE

### 1. The importance of strategy: ? ? ?

Corporate strategy is a generic term embracing a link among structure, process of management and applications of organisational behavior. Pattern of major objectives, purposes or goals and essential policies or plans for achieving goals stated in a way that defines what business the company is in. People dimensions of strategy concerned with three related issues:

- o People as a resource (personal organisational competences and performance management)
- o People and behavior (personal and collective behavior)
- o Organising people HR function, line managers, structures and processes.

Allen and Helms suggest that different types of reward practices may more closely complement different generic strategies and are significantly related to higher levels of perceived organisational performance. Lynch sets out the following key strategic principles for public and non-profit organisations:

- o Since public organisations do not have a profit objective strategy is governed by broader



public policy issues. Strategy in non profit organisations needs to reflect the values held by institutions concerned (decision making slow and complex) Concept of synergy results when the whole is greater than the sum of the components ( $2+2=5$ ) , negative synergy occurs when mergers happen between companies in different fields.

Opportunities and risks have to be managed in order to have an effective business strategy, drucker suggests right opportunities will not be selected unless:

- o Focus is on maximizing opportunities rather than minimizing risks,
- o Major opportunities are scrutinized collectively and in respect of their characteristics rather than singly and in isolation
- o Opportunities and risks are understood in terms of appropriateness of their fit to a particular business
- o A balance is struck between immediate and easy opportunities for improvement, and more difficult long range opportunities for innovation and changing the character of the business.

Kermally maintains that e-business model is important because:

- o It makes it possible for quick easy sharing of information
- o Facilitates interaction
- o Enables organisational resources and capabilities to be stretched strategically
- o Provides marketing global reach.
- o Allows customers to shop any time and where ? ? ? ? ?
- o Promotes economic growth.

2. SWOT ANALYSIS: ? ? ?

Strengths: Positive aspects or distinctive attributes or competences which provide a significant market advantage or upon which the organisation can build

Weaknesses: negative aspects or deficiencies in the present competencies or resources of the organisation, image or reputation.

Opportunities: favourable conditions and usually arise from the nature of changes in the external environment. Organisation must be sensitive to problems and responsive to change

Threats: opposite of

opportunities and refer to unfavorable situations that arise from external developments likely to endanger the operations and effectiveness of the organisation.

Swot analysis may lead to an oversimplified and misleading analysis. 3.

Organisational goals: Organisational goals are more specific than function, goals determine nature of in/outputs, series of activities through which outputs are achieved, and interactions with external environments. Balance of empowerment and control: To be effective goals must be: o

Understandable o Contain a time element o Be carefully drawn o Subject to alignment Hidden dangers of target-setting o Obsessively chasing ill

conceived goals can be bad for corporate health o Setting goals can be an over simplistic response to a complex set of problems and a risk for target driven organisations. Formal/Informal goals: Goals that the company actually pursues are the informal goals while the formal goals are ones that are officially stated. Compatibility of personal and organisational goals: Reeves states that a few well chosen aims in goal setting can sharpen focus and boost productivity ? ? ? 4. Objectives and policy: Objectives set out goals, aims of the organisation, and desired end results, they are also: ? ? ?

Determined by top management, Contains general and specific objectives which have more defined areas of application. Explicit definition of objectives will assist communication and reduce misunderstanding Policy is developed within the framework of objectives to provide the basis for decision making, it is also: ? ? ? ? ? Translated into rules plans and procedures, Relates to all activities of the organisation and to all levels of organisation, Helps reinforce main functions of the organisation, Reduces dependency on actions of

individual managers, Influenced by external factors (government legislation)

## CHAPTER 11 THE ROLE OF THE MANAGER 1.

Process of Management Activities of industrial undertakings can be divided into six groups: ? ? ? ? ? ? Technical (production, manufacture and adaptation) Commercial (buying, selling, exchange, market information) Financial (obtaining capital and making optimum use of available funds) Security (safeguarding property and persons) Accounting (information on the economic position, stocktaking, balance sheet, costs, statistics) and Managerial Fayol describes five elements of management: ? ? ? ? ? Planning (examining the future, deciding on course of action and developing a plan of action) Organising (providing material, human resources and building structure) Command ( maintain activity among personnel, receiving optimum return from employees) Co-ordination (unifying and harmonizing all activities) Control ( verifying accordance with plans, instructions, established principles) 2. Managerial Roles: ? Interpersonal roles : Relations with other people arising from the managers status and authority: o o o Figurehead role : most basic and simple role. Manager is a symbol and represents the organisations in matters of formality Leader role: most significant role. By virtue of authority there is responsibility for staffing and for motivation and guidance of subordinates Liaison role: horizontal relationships of the manager with individuals and groups outside their own unit. ? Informational roles: Relate to sources and communication of information arising from the managers interpersonal roles.

? Monitor Role: identifies manager as seeking and receiving information enabling them to develop an understanding of the working. Disseminator role: involves managers transmitting external information through the liaison role into the organisation ? Spokesperson role: involves manager in transmitting information to people outside the unit such as board of directors. Decision roles: The decision roles involve making strategic organisational decisions on the basis of the managers status and authority as well as access to information: ? ? ? ? Entrepreneurial Role is the managers function to initiate and plan controlled change through exploiting opportunities or solving problems. Disturbance handler role involves managers reacting to involuntary situations and unpredictable events. Resource allocator role involves the manager in using formal authority to decide where effort will be expended as well as resources.

Negotiator role is participation in negotiations with other individuals or organisations. Demands, constraints and choices: Stewart has developed a model for understanding managerial work and behavior, the three main categories that identify the flexibility in a managerial job are: ? ? ? Demands – What anyone in a job has to do. Constraints – internal/external factors which limit what the manager can do. Choices- activities the manager is free but does not have to do. The environmental setting A major determinant of the managers work is the nature of the environment: ? ? Internal environment relates to the culture and climate of the organisation and to the prevailing atmosphere surrounding the organisation External environment relates to the organisation as an open system and cannot be controlled by the management. Determining what real managers do Luthans identified 12

descriptive behavioral categories: ? ? ? Communication – exchanging information, paperwork Traditional management – Planning, decision making, controlling Networking – interacting with outsiders, socializing/politicking Human resource management – motivating/reinforcing, disciplining/punishing, managing conflict, staffing, training/developing. Qualities of a manager ? ? ? Technical competence (application of specific knowledge, methods and skills to discrete tasks. Social and human skills (refer to interpersonal relationships in working with and through other people, and the exercise of judgement.

Conceptual Ability required in order to view the complexities of the operations of the organisation as a whole, including environmental influences. CHAPTER 7 WORK MOTIVATION 1. Needs And expectations at work ? ? Extrinsic motivation: tangible rewards such as salary and fringe benefits.

Intrinsic Motivation: is related to psychological rewards such as the opportunity to use ones ability, sense of challenge and achievement. 2. Theories of motivation: Maslow's theory of motivation Maslows hierarchy of needs can be shown as follows: ? ? Psychological Needs: These include homeostasis (the body's natural efforts to retain normal functioning like hunger, thirst) Safety Needs: including safety and security( freedom from pain or threat of physical attack) Love Needs: or social needs including affection, sense of belonging, social activities. ? ? Esteem needs: or ego needs including self respect and the esteem of others. Self actualization needs: the development and relisation of ones full potential, maslow sees

this as what humans can be they must be. Maslow asserts that a satisfied need is no longer a motivator 3.

Herzberg's two-factor theory: Hygiene and Motivating factors ? ? ? ? These are concerned with job environment and extrinsic to the job itself Hygiene or maintenance factors serve to prevent dissatisfaction Motivators or growth factors are related to job content of the work itself Strength of these factors will affect feelings of satisfaction or no satisfaction but not dissatisfaction.

4. Vroom's expectancy theory ? Vroom's model is based on 3 key variables: Valence, instrumentality and expectancy. The theory is founded on the idea that people prefer certain outcomes from their behavior over others.

Valence: attractive of, or preference for, a particular outcome for the individual. Valence is the anticipated satisfaction from an outcome

Instrumentality: first level outcomes are performance related, they refer to quantity of output to the comparative level of performance. Performance outcomes acquire valence because of the expectation of acquiring valence.

Second level outcomes are need related, they are derived through achievement of first level outcomes i. . through achieving high performance.

Expectancy: People developing a perception of the degree of probability that the choice will lead to the desired outcome. This is expectancy. The relationship between a chosen course of action and its predicted outcome

Motivational force:  $M = e \times v$  . Motivational force is the combination of valence and expectancy. Choice between alternative behaviours is indicated by the highest attractiveness score.

CHAPTER 14 (PART) Span of control: Refers to the number of subordinates who report directly to a manager. Does not refer to the total sub-ordinate operating staff. Limitation of no. of subordinates is based on total of direct and cross relationships.

$R = n\{2n/2 + n - 1\}$  If span of control is too wide it becomes difficult to supervise subordinates and places more stress on managers. If span of control is too narrow it may present a problem of coordination and consistency in decision making. Morale and initiative of subordinates may suffer as a result of too close supervision. Influences on span of control

Factors that influence size of span of control include: Nature of organisation, complexity of work, similarity of functions and range of responsibilities. Ability and personal qualities of manager including capacity to cope with interruptions Time that managers have from other activities to spend with subordinates. Ability and training of subordinate staff, strength of their motivation and commitment and extent of direction and needed guidance Effectiveness of co-ordination and nature of communication and control systems. The physical location or geographical spread of subordinates.

Length of scalar chain. The chain of command Establishes vertical gradation of authority and responsibility, and the framework for superior-subordinate relationships in an unbroken line down from the top of the organisation

Flat Hierarchical Structures: feature a broader span of control and fewer levels of authority e. g universities.

Tall Hierarchical structures : feature a narrower spans of control and more levels of authority for e. g civil service or armed forces

Formal organisational relationships: Individual relationships may be identified as: ?

Line relationships: in line relationships authority flows vertically down through the structure, there is a direct relationship between superior and subordinate with each subordinate responsible for only one person. Line relationships are associated with functional or departmental division of work.

Functional relationships: apply to relationship between people in specialist or advisory positions, and line managers and their subordinates.

Specialists offer common services throughout departments of the organisation but has no direct authority over the service users.

Staff relationships: arises from appoint of personal assistants to senior members of staff. Persons in a staff position normally have little or no direct authority in their own right but may exercise representative authority

Lateral relationships: exist between individuals in different departments or sections, especially on the same level of consultation and are necessary to maintain co-ordination and effective organisational performance. ? ? ? ?